

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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VUZIX CORPORATION,

Plaintiff,

Case No. 1:19-cv-00689-NRD

-against-

RICARDO ANTONIO PEARSON a/k/a
RICHARD PEARSON,

Defendant.
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**DECLARATION OF MATTHEW S. MARGOLIS IN OPPOSITION
TO DEFENDANT'S MOTION TO DISMISS AND SPECIAL MOTION TO STRIKE**

MATTHEW S. MARGOLIS, declares pursuant to 28 U.S.C. § 1746 and under penalty of perjury, as follows:

1. I am currently the Director of Business Development and Strategic Relationships for Plaintiff Vuzix Corporation ("Vuzix"). I was previously in the role of Director of Communications and Investor Relations for Vuzix from February 2017 until February 2019. I submit this declaration in opposition to Defendant Ricardo Antonio Pearson a/k/a Richard Pearson's ("Pearson") motion to dismiss and special motion to strike. I am over the age of 18, and I have personal knowledge of the facts stated in this declaration. If called to testify, I would testify competently about the facts set forth herein.

2. Pearson has made numerous false and defamatory statements about me (and Vuzix) in his March 2018 articles published via the Mox Reports and then *Seeking Alpha*. Contrary to Pearson's false and defamatory statements, I have not concealed my past employment history, I was not employed by "multiple fraudsters," and I have not been behind "undisclosed promotions on Vuzix."

3. I have been employed in corporate finance for nearly two decades focusing on corporate strategy, corporate strategic projects, financial planning and analysis, strategic reporting and operational efficiencies to support executive management, company mandates and initiatives. My previous employers such as Ernst and Young, Paychex and Excellus are primarily very mature and very large companies with annual revenues that well exceed \$1 billion dollars.

4. I have been investing in individual stocks, researching stocks and following the market on a daily basis since I was 12 years old. The first company I invested in was Walt Disney and the stock doubled while I was in college. The second company I invested in was the Boston Celtics, which not only paid a nice annual dividend, but was later acquired for a significant premium to my cost basis in 2002.

5. In 2013, I started blogging for *Seeking Alpha* and amassed nearly 2,100 followers before my final article that was published in 2016. During my three years as a part-time investment blogger, I was quickly recognized as an independent research expert in mobile technology specifically related to Apple and Intel by various media outlets including multiple mentions by *The Wall Street Journal* and *Forbes* as well as media mentions by the *USA Today*, *Motley Fool* and *CNN Money*.

6. During my time as a part-time financial blogger from 2013 through 2016, I also maintained full-time employment in corporate finance other than a 6-month period in 2015 when I elected to take an extended break from the corporate office to spend time at home with my family. Contrary to Pearson's assertions, my LinkedIn profile has always been available to the public and I have never "concealed" it.

7. Moreover, and contrary to Pearson's false assertions, I was never an employee of Mark Gomes. I was a contract contributor to an investment newsletter platform called Wall Street

Forensics and earned commission from my subscribers. My stock recommendations and weekly newsletter for Wall Street Forensics subscribers were strictly my own opinion and based on my own due diligence and it was not the work product of Mr. Gomes or the company. Mr. Gomes operated his own investment subscription service, and I was not involved in his business newsletter or investment decisions or publications.

8. I have never received compensation from any company that I have ever written on. Also, I have never had a business relationship with IRTH Communications and I have never been compensated by IRTH Communications. Further, I have never been compensated by any company that I have ever written on via *Seeking Alpha* or any other forum and I have always disclosed whether I owned any stock in the companies that I have written about.

9. For approximately six months during 2016, I dedicated three to five hours a week of my time as a freelance consultant to support Harris Shapiro, TSFT (The Focused Stock Trader), with his website; to help Mr. Shapiro grow his subscriber base; assist with research reports of Mr. Shapiro's stock picks that I actually liked and provided potential stock pick ideas for his TSFT subscription newsletter subscriber base. The research reports that I provided to Mr. Shapiro for TSFT subscribers were not sponsored or paid research by any company. I was not compensated by any company that I wrote research reports on during my time as a freelance consultant to support Mr. Shapiro and TSFT.

10. My initial call with Cemtrex' management was on June 3, 2016, which provided me an opportunity to speak with and interact with Cemtrex for the first time ever and to get a better understanding of the company and the corporate strategy. Prior to June 3, 2016, I had never spoken to Cemtrex management and never written a report on Cemtrex. On June 6, 2016, *Seeking Alpha* published the first and only report I have ever written on Cemtrex, and the report was thorough

and very detailed, which was my customary financial blogging style. Also, since I was introducing a new stock pick to my followers, I included as much company history and detail in the report for my followers. Further, much of detailed information including slides, corporate history, and future outlook in my report was properly cited and based upon Centrex' May 2016 Investor presentation, which was public information and posted on Centrex' website. I was not compensated by Centrex for the report I wrote on Centrex and have never been compensated by any company that I have written research reports on.

11. Pearson's claims about a "GoPro ruse" in 2016 is false. In April 2016, I wrote an article that was published on *Seeking Alpha* entitled "Are GoPro and Vuzix Set To Take Flight On The Enterprise Drone Market?". The article was fact based and backed up by commonly referenced market research related to future drone hardware growth. The article explained the potential synergies between GoPro technology and Vuzix smart glasses and what the smart glasses attachment rate into the commercial drone space could generate for potential revenue. This article was by no means a "GoPro ruse" as falsely suggested by Pearson.

12. Moreover, Pearson's claims of an "Alexa ruse" in 2018 are false. Vuzix broke the news about showing the Blade with Amazon Alexa at CES 2018 (which was approved in advance by Amazon) on January 4, 2018 and as reported on by *Bloomberg* on January 5, 2018. As noted in the *Bloomberg* article, **"Amazon confirmed that Rochester, New York-based Vuzix' device will be the first smart glasses with Alexa."**

13. The Vuzix brand and Vuzix Blade, the first smart glasses with Alexa was subsequently mentioned in numerous articles in January 2018. Contrary to Pearson's false statements, Vuzix did not pay any journalist or media outlet. As the Director of Communications and Investor Relations for Vuzix at the time, I kept Vuzix followers and investors as informed as

possible by sharing a number of articles written during this period on *Twitter* and other social channels, which is standard business practice for a communication and investor relations director of a public company.

14. I began researching Vuzix in January 2015 after Intel Corporation invested nearly \$25 million in Vuzix and began covering the stock for my Wall Street Forensics subscribers weeks later in January 2015. I did not have any business relationship with Vuzix prior to being hired by the company in February 2017. The first time I was paid by Vuzix was when I received my first paycheck as an employee of Vuzix in February 2017.

15. For the reasons stated, I respectfully request that Pearson's motion to dismiss and special motion be denied in their entirety.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 22nd day of April 2019.


MATTHEW S. MARGOLIS

Dated: April 22, 2019
West Henrietta, New York